

Algeria

Technical Assistance in Fiscal Year 2022

Central Bank Operations (March 1-April 30; November 1-April 30)

In response to a request from the Bank of Algeria (BA), IMF and METAC delivered jointly a remote technical assistance mission to improve the forecasting models and the procedures related with the BA's autonomous factors. One part of the team covered the institutional arrangements between the Central Bank and the Ministry of Finance for the net government position and another part of the team worked on the forecasting models for the three autonomous factors - currency in circulation, net government position, and net foreign assets. The mission incorporated recent advances in the forecasting literature and international best practices.

Public Financial Management (February 1-15; October 4-8; July 5-16)

This joint METAC/IMF mission supported the authorities in the implementation of their Organic Budget Law. The detailed roadmap has been updated to ensure a smooth transition to program-based budgeting and includes a revamped budget preparation process to improve credibility of the medium-term budgeting framework. Several workshops were held with authorities to prepare practical implementation of key aspects of program budgeting in line with the medium-term objective to issue a budget execution manual in programming mode. The mission also delivered seminars to present fiscal rules and expenditure commitment plans with examples from comparable countries.

METAC delivered training aimed at strengthening analysis of fiscal risks and costs from public-private partnerships (PPPs). The workshop garnered a large attendance including the budget directorate, the treasury department the accounting department, as well as two line ministries heavily involved in public investment. It focused on the impact of PPPs on public finances using the P-FRAM, a tool developed jointly by the World Bank and the Fiscal Affairs Department of the IMF to assess fiscal costs and risks from PPPs. A hands-on session was dedicated to opportunities and challenges related to organization and processes for PPP management at the Ministry of Finance. Attendees actively participated in the workshop and raised several matters, mainly pertaining to fiscal risks from PPP projects that are user-funded and the design of internal processes to strengthen monitoring of fiscal costs and risks from PPPs. Other questions were related to the PPP framework for the subnational government level.

METAC assisted the Ministry of Finance in process reengineering, workflows and responsibilities of stakeholders, to prepare the full roll-out of program-based budgeting (planned for early 2023), and in drafting sections of the related manual on budget execution (this is part of the medium-term capacity development project agreed with the authorities). The roadmap initially drafted in November 2020 has been updated to include the latest developments and ensure a smooth and secured transition phase toward the full implementation of program-based budgeting.

Revenue Administration (October 26-November 7)

METAC provided remote capacity development to the Algerian General Directorate of Taxes, following up on previous advice on developing strategies to improve on-time payment ratios. The build-up of arrears is concentrated in small taxpayers and has escalated in 2020-2021 to well over 200 percent of annual net revenues, due to a large historic debt stock and the impact of the Covid19 pandemic. It was recommended to follow a three-pronged approach to deal with the tax arrears now and in the future. This approach consists of (i) removing non-recoverable debt from the debt stock, (ii) limiting to the extent possible the addition of new debt, and (iii) dealing efficiently with the debt that is recoverable, with a focus on new and large debts.